



Atari Corporation  
1196 Borregas Avenue  
Sunnyvale, CA 94089-1302



1990 FIRST QUARTER  
REPORT

## President's Message

Net income was \$1.5 million or \$0.03 per share on sales of \$85.5 million for the quarter ended March 31, 1990. This compares with net income of \$3.3 million or \$0.06 per share on sales of \$88.8 million for the first quarter ended March 31, 1989.

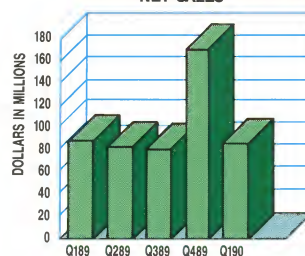
The results for the quarter reflect continued revenue growth for the Atari ST™ and Atari PC MS-DOS® compatible product line, and the new Lynx™ handheld color video game machine. The decline in revenue from last year is attributable to the impact of intense competition in the Company's traditional 2600® and 7800™ video game market in the United States.

Results for the period reflect continued strength in computer sales combined with continued weakness in our traditional 2600 and 7800™ video game business. Late in the first quarter, after successful test marketing of Lynx, our new handheld color video game, we began distributing it throughout the United States, and on a worldwide basis. In support of sales of Portfolio™, our new handheld MS-DOS command compatible computer, three new software cards were introduced in the quarter, including user friendly file-manager, finance, and utility programs. Also, a new marketing awareness campaign is being launched in the United States to introduce the public to the unique capabilities of this very compact powerful machine.

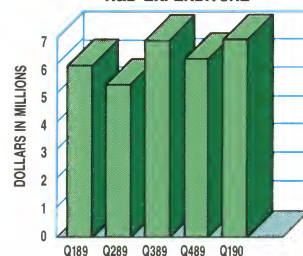


Sam Tramiel, *President*

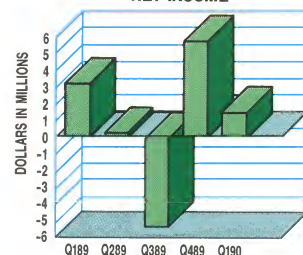
NET SALES



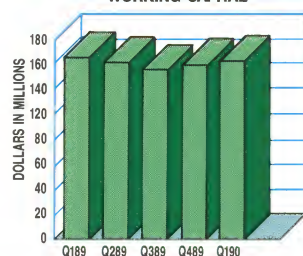
R&D EXPENDITURE



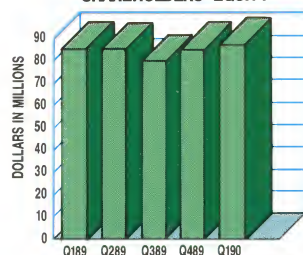
NET INCOME



WORKING CAPITAL



SHAREHOLDERS' EQUITY



# ATARI CORPORATION

## Consolidated Balance Sheets

(IN THOUSANDS)  
(Unaudited)

	<u>March 31, '90</u>	<u>March 31, '89</u>		<u>March 31, '90</u>	<u>March 31, '89</u>
<b>ASSETS</b>			<b>LIABILITIES AND SHARE- HOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES:</b>		
Cash and equivalents	\$ 45,261	\$ 55,389	Notes payable	\$ 21,591	\$ 24,118
Trade receivables			Accounts payable	62,623	37,642
(less allowance:			Net current liabilities of		
1990, \$3,134;			discontinued operations	21,653	24,308
1989, \$3,125)	71,305	71,820	Income tax payable	(279)	9,590
			Accrued liabilities	32,694	43,129
Inventories	147,704	139,767	Total current liabilities	<u>138,282</u>	<u>138,787</u>
Prepaid expenses			<b>LONG-TERM</b>		
and supplies	5,196	3,678	<b>OBLIGATIONS</b>	77,763	75,142
Other current			<b>SHAREHOLDER'S EQUITY:</b>		
tax assets	10,322	13,412	Common stock, \$.01 par		
Total current assets	<u>279,788</u>	<u>284,066</u>	value—authorized,		
<b>PROPERTY, net</b>	13,457	9,893	100,000,000 shares;		
<b>OTHER ASSETS</b>	9,790	5,852	(outstanding:		
<b>TOTAL</b>	<u><u>\$ 303,035</u></u>	<u><u>\$ 299,811</u></u>	1990, 57,713,180;	577	577
			1989, 57,697,663)	143,320	142,670
			Additional paid-in capital		
			Notes receivable from		
			sale of common stock	(765)	(1,140)
			Accumulated deficit	(54,380)	(56,657)
			Accumulated translation		
			adjustments	(762)	432
			Total shareholders' equity	<u>87,990</u>	<u>85,882</u>
			<b>TOTAL</b>	<u><u>\$ 304,035</u></u>	<u><u>\$ 299,811</u></u>

# ATARI CORPORATION

## Condensed Consolidated Statements of Operations

(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(Unaudited)

	Quarter Ended	
	March 31, '90	March 31, '89
NET SALES:	<u>\$ 85,547</u>	<u>\$ 88,776</u>
Income before income taxes	1,377	3,411
Provision (credit) for income taxes	<u>(171)</u>	<u>123</u>
Income from continuing operations	1,548	3,288
Discontinued operations	<u>—</u>	<u>—</u>
Net income	<u>\$ 1,548</u>	<u>\$ 3,288</u>
EARNINGS PER COMMON AND EQUIVALENT SHARE:		
Income from continuing operations	<u>\$ 0.03</u>	<u>\$ 0.06</u>
Net income	<u>\$ 0.03</u>	<u>\$ 0.06</u>
Number of shares used in the computation	<u>57,987</u>	<u>57,781</u>

This report was created on an Atari desktop publishing system (Atari DeskSet II™ software using the MEGA4™, MEGAFILE 44™, and SLM804™), then typeset on an AGFA Compugraphic MCS™ 8400 using G.O. Graphics' Typesetter Driver Option™ card interface.

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